



## Communication is of prime importance in times of crisis, says Kapil Agarwal, JMD UFO Moviez

**UFO**  
CINE MEDIA NETWORK  
Kapil Agarwal  
JMD - UFO Moviez



Founded in 2004, UFO Moviez India Limited is an Indian digital cinema distribution network and an in-cinema advertising platform. It operates a satellite-based digital cinema distribution network using its UFO-M4 platform and D-Cinema network. UFO Moviez is a company in the business of electronic delivery of digitized full-length feature films and content in theatres via satellite. UFO has also contributed to the revival of single screen cinemas in India and its secure technology has substantially reduced Piracy. UFO has ensured

that audiences have 'day of release' access to films everywhere. UFO Moviez claimed to have released more than 11,000 films in 22 languages, on its UFO M4-Platform & DCI Network and has conducted over 21 million shows

The nationwide lockdown has severely impacted all segments of the economy, and more so for the cinema exhibition industry as theaters shuttered across the country. Cinema being an out of home entertainment option, the film industry has been significantly impacted and will take the longest time to recover.

The leadership team of UFO acknowledges the current crisis and its challenges and are determined to ensure that every employee down to the frontline/lowest level is protected and does not lose his/her livelihood. Considering the above & as part of its long-term business continuity plan and for the physical and mental wellbeing of employees, UFO Moviez, India's largest cine media network, has decided to forego 100% salaries at MD, JMD level. Apart from this, the entire Leadership team at UFO has taken salary cuts going up to 50-60 % salary so that each and every member of its team is taken care off and will continue to do whatever it takes to ensure the wellbeing of its team and the society at large.

In a 2 part series MediaNews4U spoke to Kapil Agarwal – JMD UFO Moviez, on the company's long-term survival strategies to insulate the company from such unforeseen events in future. UFO employees have been encouraged to give their ideas and suggestions on cost optimization, identifying newer revenue streams by utilizing its current strengths and infrastructure

**This lockdown was unexpected, it came as a bolt from the blue and now it's been extended for another 19 days. Overall how is the business going to be affected now?**

I think there is no change from our perspective by the extension of these 19 days, I agree with you that, it came as a big shocker because in February we were making decisions and in March the situation was

different. It was changing every week, and after 15th March the situation was changing every day and then every hour. When this whole lockdown happened, we realized that we are completely dependent on the film industry, there were some big movies which were released in the month of March, as our revenues are linked to the Cinema business. We mentally prepared ourselves that this industry will be the first to close and will be the last to open. We realized it and we prepared ourselves from the word go, this I'm talking about the end of March. We knew that it will take six months minimum to get back on our feet.

The lockdown is till the 3rd of May but the cinema halls will not open before July, as it will take at least another three months for people to go to the theatre to watch a film. There will still be an element of fear for crowded spaces, the theatre owners will have to take measures to sanitize the halls regularly and maintain hygiene. This will give confidence to the general public.

**Post lockdown what will be the strategy to open up theatres and how long will it take the industry to get back on its feet?**

As I mentioned, we are anticipating theatres will be shut for three months, it will take another three months for people to start coming back to the theatres. In September we shall start seeing the business get back on its feet and hopefully by October the big movies will release.

The question here is, social distancing is very important, so there is talk among exhibitors about social distancing when the cinemas will open, not filling the whole capacity maybe, only one-third of the seating capacity or 50% of our seating capacity is utilized. I think the major factor will be, that confidence comes back in the minds of people and they are not afraid to go to a crowded place. Secondly. the cinema owners will have to do a lot of work in terms of sanitization, an additional publicity that they are doing social distancing within a closed environment, bringing that discipline in their customers. It is a collaborated effort to be done by the government, the entrepreneur, Cinema halls, Malls and transportation partners to take the fear out and give confidence to the people that will make them come to these places.

**Big films, which couldn't be released, will release in September/ October, which is a positive move?**

These films will release, the people will not come back to the cinema however good the content is, what is needed is the confidence that they are safe and the second is good content. The big films will not come until and unless people will come to the theatres, I think it is a catch 22 situation and both will have to work hand in hand. Some people will have to take the risk, but majorly it will be to restore the confidence. As far as the Producer is concerned there are many big films ready to be released and fortunately, most of the Producers have decided that they will not release their films on the OTT platform.

Reliance has already gone on record, saying Sooryavanshi and 83, the two most anticipated films, which were lined up for release in March and April, will not release on the OTT platform, they have also said that it will not be released in India until the global markets opens up. Shibashish Sarkar CFO, Reliance Entertainment, in a webinar had said that 20 -30% of our revenues come from the International market. The big films have an international appeal and he said it very categorically that until US, Europe and Middle East doesn't open up along with India the films will not release.

One does not know what we will hear on the 3rd of May. I am nobody to predict, but I guess I can see where India stands today and the whole country moving in one direction, there is a chance we will be able to control this pandemic. As the situation stands today, I think by the end of September and in the quarter of October which is the festive season, at least during the Diwali season you will see many big releases which will bring some cheer to the industry.

**You talked about not retrenching people, how is the senior management coping with the crisis and also motivating their teams?**

I think communication is a very important factor. We decided, that we had to lead by example. Sanjay Gaikwad and I decided to not take our salaries for the next six months. The senior management decided to take salary cuts up to 60-70%, so that the rest of the employees could be paid the full salary. We felt that a person earning 20,000 – 25,000 cannot afford to take a cut of even 10%, and particularly when we know today all the groceries and vegetables are more expensive, due to the lock down. Their expenses have not reduced in fact their expenses have gone up.

Then the second question of communicating with people, the Managing Director, and myself had a Zoom town hall with our senior management consisting of 28 people, as they deal with the rest of the company and we have 1305 people working for us, we need to support 1305 people. Not one single person has been fired, even if he's working with a contractor or he does an engineering job or other jobs, we have to pay them, ultimately, they're working for us. We took them into confidence and told them what we are proposing, our proposal was there would be no salary cuts, not a single person is fired in the next six to nine months and the company has sufficient funds to support the whole company.

The response was very positive, they said UFO is the only company that is not firing a single person. Worldwide jobs are being retrenched despite the government's request. The employees said that they are proud that they are working for a company like UFO. We told them that now it was their turn to take this message to their respective departments and teams. The senior management then had their own Zoom Town halls and spoke to their teams. We got excellent feedback that everybody was relieved that their jobs were safe. Secondly, senior people understood that they were sacrificing to save the jobs or the base pay of the people lower down. The anxiety of job loss vanished and people were comfortable.

The message has gone down, you can even see it on our social media pages, there are people who have posted saying that they are proud to work for a tech company. Communication was very important, and after this people to people interaction, based on that we drafted a letter explaining our solutions. This letter from the Managing Director was sent to every mailbox across the company, to all 1305 employees, everybody got the letter and read every word of that. Everybody appreciated it and then we followed it by these zoom calls. Next week I'm having another call with the top seven layers of people's which consists of 82 employees. I think in this era communication and transparency is very important so you don't just hide in a shell, because if you do then the Chinese whispers start.

As I said, I am talking to new people and I have not seen so many faces. The employees are also feeling comfortable as the senior management is directly talking to them.